

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

Osgood Apartments, located at 41829 & 41875 Osgood Road in Fremont, requested and is being recommended for a reservation of \$3,420,815 in annual federal tax credits and \$7,800,000 in total state tax credits to finance the new construction of 111 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 10 and Assembly District 25.

Project Number CA-21-655

Project Name Osgood Apartments
 Site Address: 41829 & 41875 Osgood Road
 Fremont, CA 94539 County: Alameda
 Census Tract: 4422.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,420,815	\$7,800,000
Recommended:	\$3,420,815	\$7,800,000

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
 Contact: Christina Alley
 Address: 3351 M Street, Suite 100
 Merced, CA 95348
 Phone: 209-388-0782
 Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s): TPC Holdings IX, LLC
 Central Valley Coalition for Affordable Housing
 Joint Venture
 General Partner Type: The Pacific Companies
 Parent Company(ies): Central Valley Coalition for Affordable Housing
 Pacific West Communities, Inc.
 Developer: California Municipal Finance Authority (CMFA)
 Bond Issuer: Boston Financial
 Investor/Consultant: Aperto Property Management
 Management Agent:

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 112
 No. / % of Low Income Units: 111 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: East Bay Region
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 12	11%
50% AMI: 12	11%
60% AMI: 64	58%
80% AMI: 23	21%

Unit Mix

50 SRO/Studio Units
 32 2-Bedroom Units
30 3-Bedroom Units
 112 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 SRO/Studio	30%	\$718
6 SRO/Studio	50%	\$1,198
28 SRO/Studio	60%	\$1,437
10 SRO/Studio	80%	\$1,916
3 2 Bedrooms	30%	\$924
3 2 Bedrooms	50%	\$1,541
18 2 Bedrooms	60%	\$1,849
7 2 Bedrooms	80%	\$2,412
3 3 Bedrooms	30%	\$1,068
3 3 Bedrooms	50%	\$1,781
18 3 Bedrooms	60%	\$2,137
6 3 Bedrooms	80%	\$2,636
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$8,215,000
Construction Costs	\$43,269,518
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,300,000
Soft Cost Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$990,000
Const. Interest, Perm. Financing	\$3,724,200
Legal Fees	\$180,000
Reserves	\$718,024
Other Costs	\$5,490,591
Developer Fee	\$8,000,000
Commercial Costs	\$0
Total	\$75,387,333

Residential

Construction Cost Per Square Foot:	\$374
Per Unit Cost:	\$673,101
True Cash Per Unit Cost*:	\$626,137

Construction Financing

Source	Amount
Citibank - Tax Exempt	\$39,000,000
Citibank - Taxable	\$3,000,000
Bonneville - Recycled Tax Exempt	\$8,000,000
City of Fremont	\$6,000,000
Deferred Developer Fee	\$8,000,000
Deferred Costs	\$718,024
Tax Credit Equity	\$10,669,309

Permanent Financing

Source	Amount
Citibank - Tax Exempt	\$21,000,000
Bonneville - Recycled Tax Exempt	\$8,000,000
City of Fremont	\$6,000,000
Deferred Developer Fee	\$5,260,000
Tax Credit Equity	\$35,127,333
TOTAL	\$75,387,333

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$65,784,907
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$85,520,379
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$3,420,815
Total Maximum Annual Federal Credit:	\$3,420,815
Total State Credit:	\$7,800,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,000,000
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992
State Tax Credit Factor:	\$0.81992

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

Staff noted a per unit cost of \$626,137. The applicant noted that the high per unit cost is attributed to podium parking, transit oriented development site, and high cost of developing in the bay area.

The applicant's estimate for annual operating expenses per unit is below the \$6,700 published per unit operating expense minimum required for this type of project. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves the annual per unit operating expense total of \$5,750 in agreement with the permanent lender and equity investor.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.